

STATE OF MINNESOTA  
COMMISSIONER OF COMMERCE

CONSENT ORDER

In the Matter of the Certificate of Authority of National Union Fire Insurance Company of Pittsburgh, Pa. (NAIC #19445), a corporation domiciled in Pennsylvania and licensed to do business in the State of Minnesota.

In the Matter of Travel Guard Group Inc., Minnesota non-residential producer license # 20201342, a corporation domiciled in Wisconsin and licensed to do business in the State of Minnesota.

To: National Union Fire Insurance Company of Pittsburgh, Pa.  
175 Water Street, 15<sup>th</sup> Floor  
New York, NY 10038

Travel Guard Group Inc.  
3300 Business Park Drive  
Stevens Point, WI 54482

The Commissioner of Commerce Mike Rothman ("Commissioner") has advised National Union Fire Insurance Company of Pittsburgh, Pa. ("NUFIC") and Travel Guard Group Inc. ("Travel Guard") that, as a result of an examination by the Department of Commerce ("Department") pursuant to Minn. Stat §§ 60A.031 and 45.027 (2010) concerning the Travel Guard Travel Protection Plan ("Plan"), which is underwritten by NUFIC and offered on the Travelocity.com LP ("Travelocity") website and other websites powered, directly or indirectly, by Travelocity, the Commissioner is prepared to commence formal proceedings against NUFIC and Travel Guard and to seek penalties under Minn. Stat. § 45.027 (2010).

NUFIC is a subsidiary of Chartis U.S., Inc. ("Chartis"), which is a subsidiary of American International Group, Inc. ("AIG"). Chartis acquired Travel Guard in 2006, and NUFIC underwrites the Plan. NUFIC, in connection with Travel Guard, marketed and sold the Plan to

Minnesota residents via Travelocity's website and other websites powered, directly or indirectly, by Travelocity.

Between June 1, 2009 and January 24, 2012, approximately 81,970 Plans were sold by NUFIC and Travel Guard through Travelocity and other websites powered, directly or indirectly, by Travelocity. During this time period, an "opt-out" approach was used for domestic air purchases, international air purchases, and trip packages.

Prior to January 25, 2012, upon accessing Travelocity's website or other websites powered, directly or indirectly, by Travelocity, a consumer could book a flight by choosing their destination and dates of travel. After selecting "Search Now," the consumer was asked to choose a departing and returning flight. Next, the consumer had the option of adding a hotel to the flight or continuing with the flight only. After making the selection, the consumer was able to review the selections made. On this same page, the consumer was automatically enrolled in the plan without making an affirmative selection to enroll the individual in the Plan. To decline coverage, a consumer had to affirmatively make a selection to opt-out of the Plan. Below the section of the website referenced above, the consumer could review the price of the selected flight as well as the itemized cost of the Plan. The Plan costs \$24.95 per person for domestic travel and \$44.95 per person for international travel. The cost of the Plan was automatically included in the total purchase price unless a consumer opted out of the Plan.

The Department reviewed NUFIC's operations in connection with the sale of the Plan on Travelocity's website and other websites powered, directly or indirectly, by Travelocity. Based on its examination, the Department alleges that NUFIC and Travel Guard committed certain violations of Minnesota insurance law during the period of the examination. Specifically, that NUFIC and Travel Guard automatically enrolled consumers in the Plan on Travelocity's website and other websites powered, directly or indirectly, by Travelocity, without receiving affirmative consent, oral or written, to such insurance coverage, which constitutes an unfair method of competition and deceptive practice in the business of insurance in violation of Minn. Stat. § 72A.20, subd. 18(b) (2010) and Minn. R. 2700.3200, subp. 2 (2011).

Respondents acknowledge that they have been advised of their rights to a hearing in this matter, to present argument to the Commissioner, and to appeal from any adverse determination after a hearing, and Respondents hereby waive those rights. Respondents further acknowledge that they have been represented by legal counsel throughout these proceedings.

NUFIC and Travel Guard have agreed to informal disposition of these matters without a hearing as provided under Minn. Stat. § 14.59 (2010) and Minn. R. 1400.5900 (2011).

The following order is in the public interest.

NOW, THEREFORE, IT IS HEREBY ORDERED that Respondents shall cease and desist, in Minnesota, the automatic enrollment of consumers in the Plan or any other plan or policy of insurance on Travelocity's website or any other website powered, directly or indirectly, by Travelocity.

FURTHER, IT IS HEREBY ORDERED, that pursuant to Minn. Stat. §§ 45.027, subd. 6 (2010) and 72A.20, subd. 17 (2010), Respondents shall refund the premium charged to each Minnesota resident who purchased the Plan on Travelocity's website or any other website powered, directly or indirectly, by Travelocity, during the time period of June 1, 2009 through January 24, 2012. Such premiums total approximately \$2,481,385. NUFIC shall, within thirty (30) days of this Order, implement a process acceptable to the Department whereby such premiums shall be refunded to Minnesota consumers for the time period referenced in this paragraph. That process shall include the following:

1. Deposit \$2,481,385 into a fund ("Fund") within thirty (30) days of the effective date of this Order.
2. For all individuals whose travel originated in Minnesota and made a claim, refund the premium paid by such individuals within forty-five (45) days of the effective date of this Order, with said amounts being deducted from the Fund.
3. For all individuals whose travel originated in Minnesota other than those individuals identified in Item 2, *supra*, NUFIC shall post notices regarding the

Fund, in a manner approved by the Department, such that all such individuals may seek a refund of the premium they paid for the Plan. All notices shall be posted within sixty (60) days of the effective date of this Order. NUFIC will refund the premium paid by such individuals within thirty (30) business days of receipt of a valid claim for refund, with said amounts being deducted from the Fund.

4. The Fund shall be available for eligible consumers until August 1, 2012. By no later than September 17, 2012, the balance of the Fund shall be paid to the State of Minnesota General Fund.

FURTHER, IT IS HEREBY ORDERED, that pursuant to Minn. Stat. § 45.027, subd. 6., NUFIC shall pay to the State of Minnesota a civil penalty of \$250,000.

This Order shall be effective up on the signature of the Commissioner.

Date: 2-10-12

MIKE ROTHMAN  
Commissioner of Commerce  
State of Minnesota



85 Seventh Place East, Suite 500  
St. Paul, Minnesota 55101

CONSENT TO ENTRY OF ORDER

The undersigned, acting on behalf of NUFIC, state the foregoing Consent Order has been read; the contents and effects are fully understood; and that NUFIC has authorized the undersigned to execute this Consent to Entry of Order on behalf of NUFIC; and that NUFIC has been advised of its right to a hearing; that NUFIC has been represented by legal counsel; and that NUFIC consents to entry of this Order by the Commissioner. Furthermore, NUFIC neither admits nor denies the Commissioner's allegations. It is further expressly understood that this Order constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements, either express or implied.

By: Adam C. Neal

(Signature of Authorized Representative)

Its: Assistant Vice President

(Title of Authorized Representative)

STATE OF Texas )

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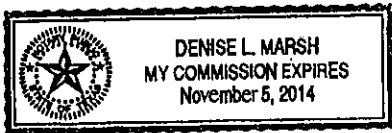
COUNTY OF Dallas )

This instrument was acknowledged before me on 6th (date) by February, 2012 (name(s) of person(s)) as officer (type of authority, e.g., officer, trustee, etc.) of NUFIC (name of party on behalf of whom this instrument was executed).

Denise L. Marsh

(signature of notary officer)

My commission expires: \_\_\_\_\_



CONSENT TO ENTRY OF ORDER

The undersigned, acting on behalf of Travel Guard, state the foregoing Consent Order has been read; the contents and effects are fully understood; and that Travel Guard has authorized the undersigned to execute this Consent to Entry of Order on behalf of Travel Guard; and that Travel Guard has been advised of its right to a hearing; that Travel Guard has been represented by legal counsel; and that Travel Guard consents to entry of this Order by the. Furthermore, Travel Guard neither admits nor denies the Commissioner's allegations. It is further expressly understood that this Order constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements, either express or implied.

By: [Signature]  
(Signature of Authorized Representative)  
Its: President, Travel Guard Americas  
(Title of Authorized Representative)

STATE OF NEW YORK )

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COUNTY OF NEW YORK )

This instrument was acknowledged before me on 2/6/12 (date) by Dean S. Sivley (name(s) of person(s)) as President (type of authority, e.g., officer, trustee, etc.) of Travel Guard Group, Inc. (name of party on behalf of whom this instrument was executed).

Cindy D. Gonzales  
(signature of notary officer)

My commission expires: December 27, 2014

CINDY D. GONZALES  
Notary Public, State of New York  
No. 01GO8233462  
Qualified in New York County  
Commission Expires: December 27, 2014